

**RULES  
OF THE  
TENNESSEE DEPARTMENT OF PERSONNEL**

**CHAPTER 1120-4  
COMPENSATION**

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**1120-4-.01 PURPOSE.** To establish rules concerning salaries paid for classes of positions in the career service and to provide rules for the salary rates of career service employees.

**Authority:** T.C.A. §§8-30-202, 8-30-203, 8-30-204 and 8-30-224. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988. Amendment filed August 25, 1994; effective December 29, 1994.

**1120-4-.02 PREPARATION OF THE COMPENSATION PLAN.** The Commissioner will prepare a comprehensive compensation plan for all classes of positions in the State service. The plan will be developed after consultation with appointing authorities and will take into consideration the State's financial condition and fiscal policies, experience in recruiting and retaining employees for positions in the State service, the prevailing rates of pay for services of similar kind and quality in public and private employment within the State and outside the State, living costs, maintenance, and other benefits received by employees.

**Authority:** T.C.A. §8-30-214. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988.

**1120-4-.03 CHANGES TO THE COMPENSATION PLAN.** The Commissioner will periodically review the ability of the State to recruit and retain employees for the classes of positions in the State service and will periodically survey prevailing rates of pay, both within and outside the State, and may make such changes to the Compensation Plan as the reviews and surveys indicate are prudent. These changes are subject to the approval of the Commissioner of Finance and Administration and to budgetary limitations.

**Authority:** T.C.A. §8-30-214. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988.

**1120-4-.04 APPOINTMENTS.** The minimum rate of pay in the applicable salary range should be the entrance rate payable to a person on first appointment to a position in the classification. However, the Commissioner may authorize appointments above the first step when experience in recruiting and retaining employees for the

(Rule 1120-4-.04, continued)

classification or prevailing salary market data indicate persons are not available at lower rates or when appointing persons exceptionally qualified for the position including reappointments.

**Authority:** T.C.A. §§8-30-202, 8-30-203, 8-30-204 and 8-30-214. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988.

**1120-4.05 PROMOTIONS.** An employee who is promoted, as defined elsewhere in these rules, may receive a promotional salary increase equivalent to one half the difference between the salary grades of the current and the new classification, provided however, that no employee may be paid at a rate less than the first step in the salary range for the new classification and that no career employee shall receive a promotional salary increase which exceeds the top step in the salary range for the new classification. Employees may receive promotional increases of greater or lesser amounts upon recommendation of the appointing authority, subject to the approval of the Commissioner, and budgetary limitations. Employees moving from the trainee level to the working level classification in a flexibly staffed position may receive salary increases in accordance with this rule sub-section.

**Authority:** T.C.A. §§8-30-202, 8-30-203, 8-30-204 and 8-30-214. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988.

**1120-4.06 DEMOTIONS.** An employee who is demoted, as defined elsewhere in these rules, may receive a salary reduction equivalent to one half the difference between the salary grades of the current and the new classifications. Employees who are demoted must be paid within the salary range for the new classification even if this results in a salary reduction greater than one half the difference between the salary grades of the current and the new classification. Demoted employees may receive salary reductions of greater or lesser amount upon recommendation of the appointing authority, subject to the approval of the Commissioner, and to budgetary limitations.

**Authority:** T.C.A. §§8-30-202, 8-30-203, 8-30-204, 8-30-214 and 8-30-318. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988.

**110-4.07 INVOLUNTARY REDUCTION IN RANK.** An employee who receives an involuntary reduction in rank may be paid at a rate above the maximum rate for the new classification, upon recommendation of the appointing authority with the approval of the Commissioner, or the employee's salary may be reduced to the top step of the salary range for the new classification. The salary of an employee who receives an involuntary reduction in rank may not be reduced if it falls within the salary range of the lower classification.

**Authority:** T.C.A. §§8-30-202, 8-30-203, 8-30-204, 8-30-214, and 8-30-318.

**1120-4.08 VOLUNTARY REDUCTION IN RANK.** An employee who receives a voluntary reduction in rank may be paid at a rate above the maximum rate for the new classification upon recommendation of the appointing authority with the approval of the Commissioner. The salary of an employee who receives a voluntary reduction in rank may also be reduced upon recommendation of the appointing authority with the approval of the Commissioner.

**Authority:** T.C.A. §§8-30-202, T.C.A. 8-30-203, T.C.A. 8-30-204, T.C.A. 8-30-214 and T.C.A. 8-30-318.  
**Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988.

**1120-4.09 TRANSFER AND LATERAL RECLASSIFICATION.** An employee who is transferred or laterally reclassified does not receive a salary change as a result of such action.

**Authority:** T.C.A. §§8-30-202, 8-30-203, 8-30-204, 8-30-214 and 8-30-318. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988.

**1120-4.10 REAPPOINTMENTS AND REEMPLOYMENTS.** An employee who is reappointed or reemployed may have his salary placed at any step in the salary range applicable to the classification to which he is reappointed or reemployed with the approval of the Commissioner.

**Authority:** T.C.A. §8-30-214. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988.

**1120-4.11 RED CIRCLE PAY RATES.** Employees who receive a reduction in rank or who receive other salary adjustments required by law or who receive salary differentials authorized by these rules, may be paid at a salary rate higher than the maximum of the salary range of their classification. Employees who receive a reduction in rank may have a salary rate above the maximum if recommended by the appointing authority and approved by the Commissioner. Employees in red circle pay status are eligible for longevity pay and other increases as specified by law or rule.

**Authority:** T.C.A. §8-30-214. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988.

**1120-4.12 SALARY GRADE ADJUSTMENTS.** The Commissioner, with the approval of the Commissioner of Finance and Administration, may make adjustments to the salary grade to which classifications are assigned based on changes in the duties, authority and responsibilities assigned and/or on studies of recruiting and retaining employees in such classification and of prevailing rates in the public and private sector for work of similar kind and nature. Any employee whose salary rate is below the minimum rate for the new salary range to which his classification is reassigned will have his salary adjusted at least to the new minimum rate. Any employee whose salary rate is above the new maximum for the new salary range for his reassigned classification is eligible for red circle pay status subject to the recommendation of the appointing authority, the approval of the Commissioner, and budgetary limitations. Nothing in this section should be construed as precluding the Commissioner from making similar or corresponding adjustments to the salary rates of employees within such reassigned salary ranges subject to the approval of the Commissioner of Finance and Administration and to budgetary limitations.

Any employee in a classification for which the salary range is raised shall receive a salary increase in accordance with the promotional salary increase policy as defined elsewhere in these rules. Any employee in a classification for which the salary range is lowered shall receive the same salary considerations as an employee who receives an involuntary reduction in rank and is subject to the same recommendations, approvals, and limitations.

**Authority:** T.C.A. §§8-30-212 and 8-30-214. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988.

**1120-4.13 CERTIFIED PROFESSIONAL SECRETARY EXAMINATION.** Any clerical-secretarial or clerical-management employee in the State service who passes all parts of the Certified Professional Secretary Examination sponsored by the National Secretaries Association will be granted a two-step salary increase independent of all other salary considerations.

**Authority:** T.C.A. §§8-50-102. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988. Amendment filed August 25, 1994; effective December 29, 1994)

**1120-4-.14 MERIT PAY.**

- (1) Merit pay, in the form of salary step adjustments or lump sum performance bonuses, may be awarded on the basis of job performance or other merit factors and cannot be awarded on the basis of race, sex, religion, age, national origin, political affiliation, or other non-merit factor.
- (2) The evaluation of job performance will be made according to objective, measurable criteria and/or observable behavioral criteria as developed in the Tennessee Job Performance Planning and Evaluation System which recognizes above average performance, helps improve efficiency, and encourages participation in programs which improve job performance and skills. Each employee in a budgeted merit pay program is automatically placed under consideration for merit pay at least once during a specified period of time, and the appointing authority will provide written justification for denial of merit pay for any employee under such automatic consideration along with specific written suggestions by such authority for employee actions to avoid future denials of merit pay.
- (3) Performance bonuses in the form of lump sum awards, subject to the same deductions and credits as longevity payments, may be made in amounts and according to schedules prescribed by the Commissioner subject to the approval of the Commissioner of Finance and Administration and to budgetary limitations.
- (4) Extraordinary salary step increases may be awarded for extraordinary job performance upon recommendation of the appointing authority, subject to the approval of the Commissioner and to budgetary limitations.

**Authority:** T.C.A. §8-30-214. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988.

**1120-4-.15 LONGEVITY.** Longevity is a lump sum payment intended to reward employees for service to the State and to encourage those employees to remain employed by the State. All full-time employees employed with one or more agencies, departments, offices, or other subdivisions of the Executive, Judicial, or Legislative branches of the State for thirty-six (36) months or more are eligible for longevity pay. Full time employees who have prior part-time service consisting of a least a 1600 hour annual schedule shall receive longevity credit for each month of such part-time service in which the employee was scheduled to work a full month and actually work one-tenth of one hour more than half the schedule. Full time employees with thirty-six (36) months of service shall receive payment for prior part-time hourly service if the length of such part-time service is equivalent to not less than five (5) years of full time experience. Additionally, any part-time employee who is retired from State government, and while so employed full-time did not receive a longevity bonus, and is employed on a regular but part-time basis is eligible for longevity pay based on his years of creditable service prior to retirement plus his total part-time employment after retirement payable based on his service anniversary date in each year in which he is employed part-time.

The maximum benefit is for twenty-five (25) years of service. Within the State service, active full-time service, employees eligible to accrue leave under T.C.A. 8-50-801 and T.C.A. 8-50-802 (1600 hour employees), Board of Claims time, paid educational leave and authorized unpaid military leave are creditable toward longevity. Time served in part-time status, other than as described above, sick leave bank, or leave without pay is not creditable toward longevity.

Persons in the following categories are not eligible for longevity payments: Officials popularly elected to fixed terms in office including the Governor, judges, members of the General Assembly, and the Public Service Commissioners; persons receiving automatic annual raises under the provisions of T.C.A. 8-7-201 or otherwise; persons covered by the provisions of T.C.A. 4-7-111; employees of the Tennessee Bureau of Investigation covered by the provisions of T.C.A. 4-7-111; and State employee teachers who are paid based on local teacher pay scales which increase based on years of experience. Employees are first eligible for longevity at the completion of thirty-six (36) months of creditable State service. Longevity is paid in a separate check on the payday at the end of the month next following the completion of a creditable year of State service which constitutes the employee's longevity

(Rule 1120-4-.15, continued)

anniversary date. Employees on terminal leave, paid educational leave, or Board-of-Claims leave are eligible to receive the payment on their longevity anniversary date.

Former State employees who return to State service are credited with all prior creditable service. They are eligible for longevity upon the completion of the next full year of creditable service including all months in excess of a whole year of creditable prior service. For example, an employee with four years and nine months of creditable prior service will be eligible for longevity upon the completion of three more months of creditable service. Persons who have been in continuous employment since October 1, 1979, and who had fifteen (15) years or more of creditable State service at that time, have a longevity anniversary date of September 1 and receive their longevity checks on the end of September payday.

**Authority:** T.C.A. §8-23-206. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988. Amendment filed August 25, 1994; effective December 29, 1994. Amendment filed October 25, 1995, effective February 28, 1996.

**1120-4-.16 SALARY STEP ADJUSTMENTS.** Career service employees shall be eligible for a program of periodic salary step adjustments. Under the program, each career service employee in steps one through nine of the salary range for his class of positions, who has at least one year of continuous State service as of July 1 of each fiscal year, shall be eligible for a one step salary increase. A career service employee who is at step ten or above of the salary range for his class of positions shall not be eligible for a one step salary increase under the program. Career service employees who achieve one year of continuous state service during a fiscal year shall be eligible for a one step salary increase upon completion of that one year of continuous State service. All salary step increases under this program are contingent upon satisfactory job performance and are subject to budgetary limitations. Nothing in this subsection shall be construed to preclude salary increases for employees in the executive service.

**Authority:** T.C.A. §§8-30-202, 8-30-203, 8-30-204 and 8-30-214. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988.

**1120-4-.17 SALARY DIFFERENTIALS.** The Commissioner in consultation with appointing authorities and the Commissioner of Finance and Administration may approve programs of salary differentials. In approving such plans, the Commissioner shall specify the terms and conditions under which such differentials may be paid.

**Authority:** T.C.A. §§8-30-202, 8-30-203 and 8-30-204. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988.

**1120-4-.18 ASSIGNING DUTIES OF A HIGHER LEVEL CLASSIFICATION.** No career service employee shall be assigned to perform the majority of the duties and responsibilities of a position in a higher level classification without the approval of the appointing authority. When an employee is so assigned, the duration cannot exceed 90 days without the approval of the Commissioner. The total length of the assignment will be limited to a period of 12 months from the time the appointing authority initially approves the assignment and it is put into effect.

An affected employee must be compensated for all time spent performing these higher level duties after the initial 90 days. Compensation for performing these duties shall be in accordance with the standard promotional pay policy. Compensation awarded under this section shall be subject to budgetary limitations.

**Authority:** T.C.A. §§8-30-202, 8-30-203, 8-30-204 and 8-30-224. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988. Repeal filed January 8, 1991; effective May 1, 1991. Amendment filed August 25, 1994; effective December 29, 1994.

**1120-4.19 EXECUTIVE GRADE COMPENSATION PLAN.** The Commissioner shall designate those classifications which are executive grade and, therefore, receive no compensatory overtime or cash overtime payments.

**Authority:** T.C.A. §§8-30-202, T.C.A. 8-30-203 and T.C.A. 8-30-204. **Administrative History:** (For history prior to January 2, 1988, see pages 1-2) Repeat and new rule filed November 18, 1987; effective January 2, 1988.